



# QUARTERLY STATEMENT

AS OF JUNE 30, 2006  
OF THE CONDITION AND AFFAIRS OF THE

## Upper Peninsula Health Plan, Inc.

NAIC Group Code	<u>0000</u>	NAIC Company Code	<u>52615</u>	Employer's ID Number	<u>38-3379956</u>
	(Current Period)		(Prior Period)		
Organized under the Laws of	<u>Michigan</u>		State of Domicile or Port of Entry	<u>Michigan</u>	
Country of Domicile	<u>United States of America</u>				
Licensed as business type:	Life, Accident & Health [ ]	Property/Casualty [ ]	Dental Service Corporation [ ]		
	Vision Service Corporation [ ]	Other [ ]	Health Maintenance Organization [ X ]		
	Hospital, Medical & Dental Service or Indemnity [ ]	Is HMO, Federally Qualified? Yes [ ] No [ X ]			
Incorporated/Organized	<u>10/14/1997</u>	Commenced Business	<u>08/01/1998</u>		
Statutory Home Office	<u>228 W. Washington St.</u>		<u>Marquette, MI 49855</u>		
	(Street and Number)		(City or Town, State and Zip Code)		
Main Administrative Office	<u>228 W. Washington St.</u>	<u>Marquette, MI 49855</u>	<u>906-225-7500</u>		
	(Street and Number)	(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	<u>228 W. Washington St.</u>		<u>Marquette, MI 49855</u>		
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)		
Primary Location of Books and Records	<u>228 W. Washington St.</u>	<u>Marquette, MI 49855</u>	<u>906-225-7491</u>		
	(Street and Number)	(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	<u>www.uphp.com</u>				
Statutory Statement Contact	<u>Patrick N. Thomson CPA</u>		<u>906-225-7491</u>		
	(Name)		(Area Code) (Telephone Number) (Extension)		
	<u>pthomson@uphp.com</u>		<u>906-225-7690</u>		
	(E-mail Address)		(FAX Number)		
Policyowner Relations Contact	<u>228 W. Washington St.</u>	<u>Marquette, MI 49855</u>	<u>906-225-7500</u>		
	(Street and Number)	(City or Town, State and Zip Code)	(Area Code) (Telephone Number) (Extension)		

### OFFICERS

Name	Title	Name	Title
<u>Dennis H. Smith</u>	<u>President</u>	<u>Greg Gustafson</u>	<u>Treasurer</u>
<u>William Nemacheck</u>	<u>Secretary</u>		

### OTHER OFFICERS

### DIRECTORS OR TRUSTEES

<u>John Schon</u>	<u>James Bogan</u>	<u>William Nemacheck</u>	<u>David Hartberg</u>
<u>Frederick Nelson #</u>	<u>Robert Vairo</u>	<u>Eric Jurgensen</u>	<u>Michelle Tavernier</u>
<u>David Jahn</u>			

State of Michigan  
 County of Marquette **SS**

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Dennis H. Smith  
 President

Greg Gustafson  
 Treasurer

William Nemacheck  
 Secretary

a. Is this an original filing? Yes [ X ] No [ ]

b. If no,  
 1. State the amendment number  
 2. Date filed 08/11/2006  
 3. Number of pages attached

Subscribed and sworn to before me this  
11 day of August, 2006

Tanya M. Jennings, Executive Assistant  
 October 11, 2007

STATEMENT AS OF JUNE 30, 2006 OF THE Upper Peninsula Health Plan, Inc.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	3,500,000		3,500,000	3,500,000
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ ..... (1,213,617) ), cash equivalents (\$ ..... 0 ) and short-term investments (\$ ..... 11,355,589 ) .....	10,141,972		10,141,972	7,372,329
6. Contract loans, (including \$ ..... premium notes)			0	0
7. Other invested assets .....	0	0	0	0
8. Receivables for securities .....			0	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	13,641,972	0	13,641,972	10,872,329
11. Title plants less \$ ..... charged off (for Title insurers only)			0	0
12. Investment income due and accrued .....	89,968		89,968	84,882
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
13.3 Accrued retrospective premiums .....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....			0	0
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
16.2 Net deferred tax asset .....			0	0
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software .....	28,215	28,215	0	1,051
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	85,408	85,408	0	6,275
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....			0	0
22. Health care (\$ ..... 217,458 ) and other amounts receivable .....	767,458	550,000	217,458	763,267
23. Aggregate write-ins for other than invested assets .....	45,346	45,346	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	14,658,367	708,969	13,949,398	11,727,804
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
26. Total (Lines 24 and 25)	14,658,367	708,969	13,949,398	11,727,804
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Expenses.....	45,346	45,346	0	0
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	45,346	45,346	0	0

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	6,536,032		6,536,032	5,327,000
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	143,000		143,000	143,000
4. Aggregate health policy reserves	440,000		440,000	880,000
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	1,347,992		1,347,992	774,557
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ ..... current)	42,000	0	42,000	0
22. Total liabilities (Lines 1 to 21)	8,509,024	0	8,509,024	7,124,557
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	3,592,171	3,592,171
25. Preferred capital stock	XXX	XXX	0	0
26. Gross paid in and contributed surplus	XXX	XXX	0	0
27. Surplus notes	XXX	XXX	0	0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	1,848,203	1,011,076
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24) \$ ..... )	XXX	XXX	0	0
30.2 ..... shares preferred (value included in Line 25) \$ ..... )	XXX	XXX	0	0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	5,440,374	4,603,247
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	13,949,398	11,727,804
<b>DETAILS OF WRITE-INS</b>				
2101. Reinsurance Loss Fund	42,000		42,000	0
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	42,000	0	42,000	0
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801. ....	XXX	XXX		
2802. ....	XXX	XXX		
2803. ....	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	155,969	157,187
2. Net premium income (including \$ ..... non-health premium income).....	XXX	23,967,148	24,700,354
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0
5. Risk revenue .....	XXX		0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	23,967,148	24,700,354
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		11,920,876	13,183,791
10. Other professional services .....		2,055,754	2,198,405
11. Outside referrals .....			0
12. Emergency room and out-of-area .....		897,270	992,328
13. Prescription drugs .....		5,164,030	4,895,306
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15) .....	0	20,037,930	21,269,830
<b>Less:</b>			
17. Net reinsurance recoveries .....		28,196	0
18. Total hospital and medical (Lines 16 minus 17) .....	0	20,009,734	21,269,830
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ ..... cost containment expenses.....		750,905	752,528
21. General administrative expenses.....		2,967,191	3,516,157
22. Increase in reserves for life and accident and health contracts including \$ ..... increase in reserves for life only).....		(440,000)	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	23,287,830	25,538,515
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	679,318	(838,161)
25. Net investment income earned .....		277,980	163,149
26. Net realized capital gains (losses) less capital gains tax of \$ .....			0
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	277,980	163,149
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			0
29. Aggregate write-ins for other income or expenses .....	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	957,298	(675,012)
31. Federal and foreign income taxes incurred .....	XXX		(359,323)
32. Net income (loss) (Lines 30 minus 31) .....	XXX	957,298	(315,689)
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) .....	XXX	0	0
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above) .....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above) .....	0	0	0
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above) .....	0	0	0

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>			
33. Capital and surplus prior reporting year.....	4,603,247	5,135,203	5,135,203
34. Net income or (loss) from Line 32.....	.957,298	(315,689)	67,862
35. Change in valuation basis of aggregate policy and claim reserves.....		.0	.0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		.0	.0
37. Change in net unrealized foreign exchange capital gain or (loss).....		.0	.0
38. Change in net deferred income tax.....		.0	.0
39. Change in nonadmitted assets.....	(120,171)	(560,226)	(588,798)
40. Change in unauthorized reinsurance.....	.0	.0	.0
41. Change in treasury stock.....		.0	.0
42. Change in surplus notes.....	.0	.0	.0
43. Cumulative effect of changes in accounting principles.....		(10,875)	(10,875)
44. Capital Changes:			
44.1 Paid in.....		.0	.0
44.2 Transferred from surplus (Stock Dividend).....		.0	.0
44.3 Transferred to surplus.....		.0	.0
45. Surplus adjustments:			
45.1 Paid in.....		.0	.0
45.2 Transferred to capital (Stock Dividend).....	.0	.0	.0
45.3 Transferred from capital.....		.0	.0
46. Dividends to stockholders.....		.0	.0
47. Aggregate write-ins for gains or (losses) in surplus.....	.0	(66)	(145)
48. Net change in capital & surplus (Lines 34 to 47).....	.837,127	(886,856)	(531,956)
49. Capital and surplus end of reporting period (Line 33 plus 48)	5,440,374	4,248,347	4,603,247
<b>DETAILS OF WRITE-INS</b>			
4701. Equity Adjustment.....		(67)	.0
4702. Bond Amortization.....		.1	(145)
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	.0	.0	.0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	.0	(66)	(145)

**CASH FLOW**

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	24,514,336	48,237,936
2. Net investment income .....	259,891	342,395
3. Miscellaneous income .....	0	0
4. Total (Lines 1 to 3) .....	24,774,227	48,580,331
5. Benefits and loss related payments .....	19,516,071	44,545,469
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	2,432,493	5,086,640
8. Dividends paid to policyholders .....	0	0
9. Federal and foreign income taxes paid (recovered) \$ ..... net of tax on capital gains (losses)	0	(284,278)
10. Total (Lines 5 through 9) .....	21,948,564	49,347,831
11. Net cash from operations (Line 4 minus Line 10) .....	2,825,663	(767,500)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	18,088	0
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	18,088	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	0	3,466,038
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	74,108	49,020
13.6 Miscellaneous applications .....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	74,108	3,515,058
14. Net increase (or decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(56,020)	(3,515,058)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied).....	0	(10,876)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	0	(10,876)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Lines 15 and 17) .....	2,769,643	(4,293,434)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	7,372,329	11,665,763
19.2 End of period (Line 18 plus Line 19.1) .....	10,141,972	7,372,329

STATEMENT AS OF JUNE 30, 2006 OF THE Upper Peninsula Health Plan, Inc.

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other
		2 Individual	3 Group										
<b>Total Members at end of:</b>													
1. Prior Year .....	25,942	296	.0	.0	.0	.0	.0	.0	25,646	.0	.0	.0	.0
2. First Quarter .....	26,226	311	.0	.0	.0	.0	.0	.0	25,915	.0	.0	.0	.0
3. Second Quarter .....	25,333	279							25,054				
4. Third Quarter .....	.0												
5. Current Year	0												
6. Current Year Member Months	155,969	1,766							154,203				
<b>Total Member Ambulatory Encounters for Period:</b>													
7. Physician .....	280,654	1,944							278,710	.0			
8. Non-Physician .....	395,998	2,128							393,870				
9. Total	676,652	4,072	0	0	0	0	0	0	672,580	0	0	0	0
10. Hospital Patient Days Incurred	2,251								2,251				
11. Number of Inpatient Admissions	708								708				
12. Health Premiums Written .....	24,736,382	138,861							24,597,521				
13. Life Premiums Direct .....	.0												
14. Property/Casualty Premiums Written .....	.0												
15. Health Premiums Earned .....	23,967,148	138,861							23,828,287				
16. Property/Casualty Premiums Earned .....	.0												
17. Amount Paid for Provision of Health Care Services .....	18,800,702	41,818							18,758,884				
18. Amount Incurred for Provision of Health Care Services	20,037,930	87,705							19,950,225				

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STATEMENT AS OF JUNE 30, 2006 OF THE Upper Peninsula Health Plan, Inc.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec. 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....	12,640	29,178	1,559	18,080	14,199	24,132
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid .....	4,509,100	14,467,242	603,007	5,913,386	5,112,107	5,302,868
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	4,521,740	14,496,420	604,566	5,931,466	5,126,306	5,327,000
10. Healthcare receivables (a) .....		217,458			.0	.0
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals	4,521,740	14,278,962	604,566	5,931,466	5,126,306	5,327,000

(a) Excludes \$ ..... loans and advances to providers not yet expensed.

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## NOTES TO FINANCIAL STATEMENTS

### Note 1 - Summary of Significant Accounting Policies

#### A) Accounting Practices

The Quarterly Statement as of June 30, 2006 has been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual, and the preparation of the financial statements are in conformity with the Annual Statement Instructions.

#### B) Use of Estimates in the Preparation of the Financial Statements

The estimates used in the preparation of the financial statements conformed to the Annual Statement Instructions and Accounting Practices and Procedures manual.

#### C) Accounting Policy

Reinsurance premiums and experience refunds were netted against premium revenue and pharmaceutical rebates and psychotropic drug reimbursements were netted against pharmacy expenses. Also, maternity case rate reimbursements are netted against medical expenses.

### Note 2 - Accounting Changes and Corrections of Errors

The Company nets Maternity Case Rate reimbursements (MCRs) against medical expenses. Through June 30, 2006, the Company has recorded \$500,369 in MCR reimbursements. Psychotropic drug reimbursements of \$1,305,532 are being netted against pharmacy expenses. QAAP tax expense through June 30, 2006 is \$1,414,276 and is included in administrative expenses.

### Note 3 - Business Combinations and Goodwill

NONE

### Note 4 - Discontinued Operations

NONE

### Note 5 - Investments

During the 1<sup>st</sup> quarter of 2006, one of the Company's agencies matured with a par value of \$1,500,000. This agency was purchased at its original issue price so there was not a discount or premium to amortize. Also, the agency matured with no gain or loss.

The Company's agencies are summarized below:

Name of Bond	Date Purchased	Int Rate	Due Date	Actual Purchase Price	Par Value	Amortized Cost
<b>TRUST</b>						
FED NATL MTG ASSN MED TERM NOTE	3/22/1999	6.190%	12/12/2007	25,563.00	25,000.00	\$ 25,000
FED HOME LN BK	2/16/2005	3.625%	2/16/2007	325,000.00	325,000.00	325,000
FED NATL MTG ASSN	2/25/2005	4.000%	2/25/2008	650,000.00	650,000.00	650,000
						<u>1,000,000</u>
<b>AGENCY</b>						
FED NATL MTG ASSN	2/25/2005	4.000%	2/25/2008	1,000,000.00	1,000,000.00	1,000,000
FED HOME LN BK	2/16/2005	3.625%	2/16/2007	1,500,000.00	1,500,000.00	1,500,000
				<b>Bonds (Page 2, Line 1)</b>		<u>\$ 2,500,000</u>
				<b>Total Bonds</b>		<u>\$ 3,500,000</u>

### Note 6 - Joint Ventures, Partnerships, and Limited Liability Companies

NONE

### Note 7 - Investment Income

As of June 30, 2006, the Company had \$89,968 of admitted investment income due and accrued and included in the statement of revenue and expenses.

### Note 8 - Derivative Instruments

NONE

## NOTES TO FINANCIAL STATEMENTS

### Note 9 - Income Taxes

- A) NONE
- B) NONE
- C) NONE
- D) NONE
- F) NONE
- E) NONE

### Note 10-Information Concerning Parent, Subsidiaries, and Affiliates

- A) The Company is owned by fourteen 501(c)3 healthcare organizations with each owning various percentages. Only two hospitals control over 10% of the Plan. Marquette General Health System owns 56.27% and Portage Health System owns 10.02% of the Plan's outstanding common stock.
- B) NONE
- C) The Plan paid a management fee of \$1,961,752 to its management company, the Upper Peninsula Managed Care, LLC through June 30, 2006. All transactions are covered under Note 10-Part F.
- D) NONE
- E) NONE
- F) The Plan has a Management Service Agreement with its affiliate. This agreement spells out all administrative services provided by the company and includes methods of reimbursement for services performed.
- G) There are no shares of voting common stock in the Company. All 100 voting shares were recalled as a result of a change in control effective April 1, 2004.
- H) NONE
- I) NONE
- J) NONE

### Note 11-Debt

The Plan has a \$1,000,000 long-term line of credit (LOC) with Wells Fargo Bank. This LOC has a variable rate of .25% over prime rate. The Plan has a \$0.00 balance outstanding as of June 30, 2006.

### Note 12-Retirement Plans, Deferred Compensation, Postemployment Benefits & Compensated Absences, and other Postretirement Benefit Plans

NONE

### Note 13-Capital, Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

As of June 30, 2006, the Plan has 29,935 shares of non-voting stock issued and outstanding. The Plan has no preferred stock issued or outstanding.

### Note 14-Contingencies

NONE

### Note 15-Leases

NONE

### Note 16-Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

NONE

### Note 17-Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities

NONE

### Note 18-Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

NONE

## NOTES TO FINANCIAL STATEMENTS

### **Note 19-Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

NONE

### **Note 20-September 11, 2001 Events**

The Company was not directly impacted by the events of September 11, 2001.

### **Note 21 – Other Items**

#### Financial Examination

The Plan underwent a financial examination in 2005 by Michigan's Office of Financial & Insurances Services as of December 31, 2004. A copy of this report was made available for public inspection as of April 3, 2006.

### **Note 22-Events Subsequent**

NONE

### **Note 23-Reinsurance**

NONE

### **Note 24-Retrospectively Rated Contracts & Contracts Subject to Redetermination**

The Plan's current book of business is the Michigan Managed Medicaid and MICHild contracts. The Plan has no retroactive features in its contracts.

### **Note 25-Change in Incurred Claims and Claim Adjustment Expense**

NONE

### **Note 26-Intercompany Pooling Arrangements**

NONE

### **Note 27-Structured Settlement**

NONE

### **Note 28-Health Care Receivables**

The Plan's health care receivables as of June 30, 2006 totaled \$217,458 and consisted of psychotropic drug reimbursements from the State of Michigan Medicaid Program carve-out (\$189,945) and maternity case rates (\$22,638) for children born to mothers in Plan. Other receivables include; receivables from a duplicate check run and provider over payments of (\$4,875), and a refundable deposit with the Plan's Pharmacy Benefit Manager of (\$550,000). The refundable deposit is considered a non-admitted asset for statutory accounting purposes. A summary of pharmacy rebate receivables is illustrated below:

## NOTES TO FINANCIAL STATEMENTS

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
6/30/2006	-	-	-	-	-
3/31/2006	-	-	-	-	-
12/31/2005	-	34,759	-	-	34,759
9/30/2005	-	40,035	-	-	40,035
6/30/2005	-	32,242	-	9,583	22,659
3/31/2005	-	32,926	-	-	32,926
12/31/2004	-	11,915	-	-	11,915
9/30/2004	-	22,150	-	-	22,150
6/30/2004	25,000	24,998	-	-	24,998
3/31/2004	30,000	47,768	-	12,208	35,560
12/31/2003	50,000	50,000	-	-	50,000
9/30/2003	50,000	50,000	-	-	50,000

**Note 29-Participating Policies**

NONE

**Note 30-Premium Deficiency Reserves**

As of 6/30/06, the Company had liabilities of \$440,000 related to premium deficiency reserves. This reserve is being amortized over twelve months starting 1/1/06. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

**Note 31-Anticipated Salvage and Subrogation**

The Company signed a contract with the First Recovery Group of Southfield, Michigan in September 2001. This contract enables The First Recovery Group to investigate, identify, and collect subrogation recoveries on behalf of the Upper Peninsula Health Plan, Inc. As of June 30, 2006, First Recovery Group recovered \$32,264 for the Company.

## GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

### PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [X]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]
- 2.2 If yes, date of change: .....  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]  
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [X] NA [ ]  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2004
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2004
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 04/03/2006
- 6.4 By what department or departments?  
.....
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [X]
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

# GENERAL INTERROGATORIES

## FINANCIAL

- 9.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]  
 9.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....

## INVESTMENT

- 10.1 Has there been any change in the reporting entity's own preferred or common stock? ..... Yes [ ] No [X]  
 10.2 If yes, explain:  
 .....  
 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]  
 11.2 If yes, give full and complete information relating thereto:  
 .....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....0  
 13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....0

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [X]  
 14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Statement Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....	\$ .....
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....0	\$ .....0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]  
 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]  
 If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ ] No [ ]

- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address

- 16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [X]  
 16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
421093006.....	Joe Huss.....	101 W... Washington... Marquette... MI 49855.....

- 17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes [ ] No [ ]  
 17.2 If no, list exceptions:  
 .....

## SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Increase (decrease) by adjustment .....		0
3. Cost of acquired .....		0
4. Cost of additions to and permanent improvements .....		0
5. Total profit (loss) on sales .....		0
6. Increase (decrease) by foreign exchange adjustment .....		0
7. Amount received on sales .....		0
8. Book/adjusted carrying value at end of current period .....	0	0
9. Total valuation allowance .....		0
10. Subtotal (Lines 8 plus 9) .....	0	0
11. Total nonadmitted amounts .....		0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0	0

## SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year.....	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions .....		0
2.2. Additional investment made after acquisitions .....		0
3. Accrual of discount and mortgage interest points and commitment fees .....		0
4. Increase (decrease) by adjustment .....		0
5. Total profit (loss) on sale .....		0
6. Amounts paid on account or in full during the period .....		0
7. Amortization of premium .....		0
8. Increase (decrease) by foreign exchange adjustment .....		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	0	0
10. Total valuation allowance .....		0
11. Subtotal (Lines 9 plus 10) .....	0	0
12. Total nonadmitted amounts .....		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

## SCHEDULE BA – VERIFICATION

Other Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.....	0	0
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions .....		0
2.2. Additional investment made after acquisitions .....		0
3. Accrual of discount .....		0
4. Increase (decrease) by adjustment .....		0
5. Total profit (loss) on sale .....		0
6. Amounts paid on account or in full during the period .....		0
7. Amortization of premium .....		0
8. Increase (decrease) by foreign exchange adjustment .....		0
9. Book/adjusted carrying value of long-term invested assets at end of current period .....	0	0
10. Total valuation allowance .....		0
11. Subtotal (Lines 9 plus 10) .....	0	0
12. Total nonadmitted amounts .....		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

## SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	3,500,000	25,145
2. Cost of bonds and stocks acquired .....		3,475,000
3. Accrual of discount .....		0
4. Increase (decrease) by adjustment .....		0
5. Increase (decrease) by foreign exchange adjustment .....		0
6. Total profit (loss) on disposal .....		0
7. Consideration for bonds and stocks disposed of .....		0
8. Amortization of premium .....		145
9. Book/adjusted carrying value, current period .....	3,500,000	3,500,000
10. Total valuation allowance .....		0
11. Subtotal (Lines 9 plus 10) .....	3,500,000	3,500,000
12. Total nonadmitted amounts .....		0
13. Statement value .....	3,500,000	3,500,000

STATEMENT AS OF JUNE 30, 2006 OF THE Upper Peninsula Health Plan, Inc.

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 .....	3,500,000				3,500,000	3,500,000	.0	5,167,950
2. Class 2 .....	.0				.0	.0	.0	.0
3. Class 3 .....	.0				.0	.0	.0	.0
4. Class 4 .....	.0				.0	.0	.0	.0
5. Class 5 .....	.0				.0	.0	.0	.0
6. Class 6 .....	0				0	0	0	0
7. Total Bonds	3,500,000	0	0	0	3,500,000	3,500,000	0	5,167,950
<b>PREFERRED STOCK</b>								
8. Class 1 .....	.0				.0	.0	.0	.0
9. Class 2 .....	.0				.0	.0	.0	.0
10. Class 3 .....	.0				.0	.0	.0	.0
11. Class 4 .....	.0				.0	.0	.0	.0
12. Class 5 .....	.0				.0	.0	.0	.0
13. Class 6 .....	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	3,500,000	0	0	0	3,500,000	3,500,000	0	5,167,950

## SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	11,355,589	XXX	11,355,589	184,063	0

## SCHEDULE DA - PART 2- VERIFICATION

Short-Term Investments Owned

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	1,514,884	980,922
2. Cost of short-term investments acquired .....	38,583	1,534,319
3. Increase (decrease) by adjustment .....	9,822,617	0
4. Increase (decrease) by foreign exchange adjustment .....		0
5. Total profit (loss) on disposal of short-term investments .....		0
6. Consideration received on disposal of short-term investments .....	20,495	1,000,357
7. Book/adjusted carrying value, current period .....	11,355,589	1,514,884
8. Total valuation allowance .....		0
9. Subtotal (Lines 7 plus 8) .....	11,355,589	1,514,884
10. Total nonadmitted amounts .....		0
11. Statement value (Lines 9 minus 10) .....	11,355,589	1,514,884
12. Income collected during period .....	184,063	28,466
13. Income earned during period .....	205,133	44,322

Schedule DB - Part F - Section 1

**NONE**

Schedule DB - Part F - Section 2

**NONE**

Schedule S

**NONE**

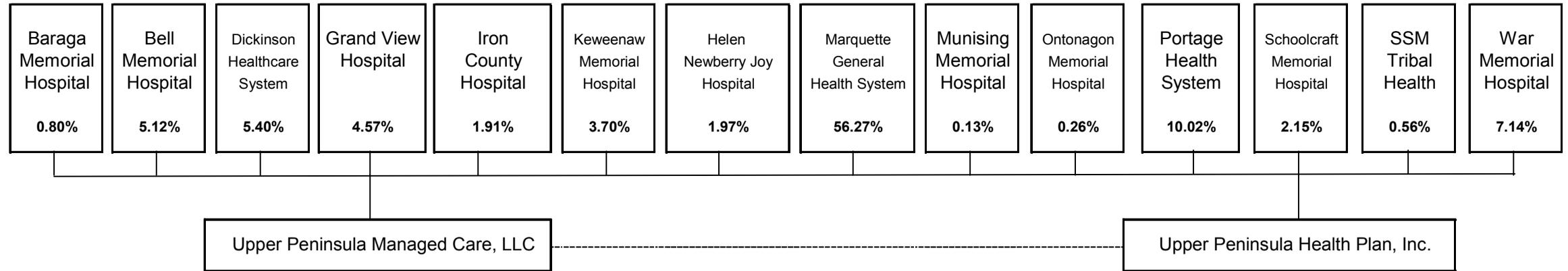
**SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS**

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only Year-to-Date						
			3 Accident and Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefit Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	8 Property/ Casualty Premiums	
1. Alabama	AL								
2. Alaska	AK								
3. Arizona	AZ								
4. Arkansas	AR								
5. California	CA								
6. Colorado	CO								
7. Connecticut	CT								
8. Delaware	DE								
9. District of Columbia	DC								
10. Florida	FL								
11. Georgia	GA								
12. Hawaii	HI								
13. Idaho	ID								
14. Illinois	IL								
15. Indiana	IN								
16. Iowa	IA								
17. Kansas	KS								
18. Kentucky	KY								
19. Louisiana	LA								
20. Maine	ME								
21. Maryland	MD								
22. Massachusetts	MA								
23. Michigan	MI	No	Yes	138,861		24,597,521			
24. Minnesota	MN								
25. Mississippi	MS								
26. Missouri	MO								
27. Montana	MT								
28. Nebraska	NE								
29. Nevada	NV								
30. New Hampshire	NH								
31. New Jersey	NJ								
32. New Mexico	NM								
33. New York	NY								
34. North Carolina	NC								
35. North Dakota	ND								
36. Ohio	OH								
37. Oklahoma	OK								
38. Oregon	OR								
39. Pennsylvania	PA								
40. Rhode Island	RI								
41. South Carolina	SC								
42. South Dakota	SD								
43. Tennessee	TN								
44. Texas	TX								
45. Utah	UT								
46. Vermont	VT								
47. Virginia	VA								
48. Washington	WA								
49. West Virginia	WV								
50. Wisconsin	WI								
51. Wyoming	WY								
52. American Samoa	AS								
53. Guam	GU								
54. Puerto Rico	PR								
55. U.S. Virgin Islands	VI								
56. Northern Mariana Islands	MP								
57. Canada	CN								
58. Aggregate Other Alien	OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal		XXX	XXX	138,861	0	24,597,521	0	0	0
60. Reporting entity contributions for Employee Benefit Plans		XXX	XXX						
61. Total (Direct Business)		XXX	(a) 1	138,861	0	24,597,521	0	0	0
<b>DETAILS OF WRITE-INS</b>									
5801.									
5802.									
5803.									
5898. Summary of remaining write-ins for Line 58 from overflow page				0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)				0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART**



**OVERFLOW PAGE FOR WRITE-INS**

---

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 1

**NONE**

Schedule B - Part 2

**NONE**

Schedule BA - Part 1

**NONE**

Schedule BA - Part 2

**NONE**

Schedule D - Part 3

**NONE**

Schedule D - Part 4

**NONE**

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**



STATEMENT AS OF JUNE 30, 2006 OF THE Upper Peninsula Health Plan, Inc.

**SCHEDULE E - PART 2 CASH EQUIVALENTS**

Showing Investments Owned End of Current Quarter

1 CUSIP Identification	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due and Accrued	9 Gross Investment Income
<b>NONE</b>								
0199999 Total Cash Equivalents								

E09